

## Message Text

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ORIGIN AEC-11

INFO OCT-01 EUR-25 ISO-00 SCI-06 PM-07 ACDA-19 CIAE-00

INR-10 IO-14 L-03 NSAE-00 NSC-10 RSC-01 SCEM-02 /109 R

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DRAFTED BY: AEC:IP:ADSMP:DBHOYLE:EEZ

APPROVED BY: SCI-HDBREWSTER

AEC:AGM:JJFLAHERTY

EUR/RPE:ATLIEBOWITZ

DISTRIBUTION: NONE INDICATED

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R 192222Z NOV 73

FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS

INFO AMEMBASSY BERN

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E.O. 11652: N/A

TAGS: TECH

SUBJ: POSSIBLE PURCHASE OF ENRICHED URANIUM BY SWISS

REF: EC BRUSSELS 5789

1. BASIC U.S. CONCERN IN ADVANCE PURCHASE ARRANGEMENT PROPOSED BY SWISS IS THAT SUCH ARRANGEMENT MAY JEOPARDIZE AEC'S ABILITY TO ENTER INTO LONG-TERM ENRICHMENT SERVICES CONTRACTS COVERING 27 MILLION SEPARATIVE WORK UNIT ANNUAL CAPACITY OF AEC'S IMPROVED GASEOUS DIFFUSION ENRICHMENT PLANTS IN POST-1980 PERIOD. SITUATION SHOULD BECOME INCREASINGLY CLEAR AS WE NEAR END OF FIXED-COMMITMENT CONTRACTING TRANSITION PERIOD (JUNE 30, 1974), BY WHICH TIME AEC'S LONG-TERM ENRICHMENT CAPACITY IS EXPECTED TO BE LARGELY COVERED BY SPECIFIC CONTRACTS.

2. ONE WAY IN WHICH THIS PROBLEM COULD BE AVOIDED AND WHICH WOULD ENABLE US TO PROCEED PROMPTLY WITH THE PROPOSED ADVANCE  
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PURCHASE WOULD BE FOR SWISS TO ENTER INTO LONG-TERM FIXED-

COMMITMENT CONTRACTS (APPROXIMATELY 10-YEAR FIRM PERIOD) WITH AEC FOR REACTORS COMING INTO OPERATION OVER NEXT SEVERAL YEARS AND WHICH WOULD UTILIZE URANIUM PURCHASED IN ADVANCE TO MEET THEIR INITIAL REQUIREMENTS. BY APPLYING THE ADVANCE PURCHASE TO FIRST CORES OF SUCH REACTORS, AEC WOULD NOT REQUIRE DOWNPAYMENT (\$3.3 MILLION PER 1,000 MWE REACTOR CAPACITY) NORMALLY PAID IN THREE EQUAL ANNUAL INSTALLMENTS BEGINNING AT TIME OF ENRICHMENT CONTRACT EXECUTION. RECOGNIZE THAT THIS APPROACH IS SUBSTANTIALLY DIFFERENT FROM THAT PROPOSED BY ZANGER, BUT ITS ACCEPTANCE BY SWISS WOULD ASSURE U.S. AGREEMENT WITH SWISS ADVANCE PURCHASE.

3. IF FOREGOING PROBLEM CAN BE SATISFACTORILY RESOLVED, BELIEVE AGREEMENT CEILING PROBLEM NOTED IN PARAGRAPH I.C. OF REFTTEL DOES NOT REPEAT NOT PRESENT SERIOUS PROBLEM. ACCORDING TO OUR CALCULATIONS, \$100 MILLION OF ENRICHMENT SERVICES COULD ONLY BE ACCOMMODATED AFTER AGREEMENT AMENDMENT NOW IN PROCESS COMES INTO FORCE. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** URANIUM, NUCLEAR ENERGY, SALES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 19 NOV 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** garlanwa  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 2  
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**Previous Handling Restrictions:** n/a  
**Reference:** EC BRUSSELS 5789  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** garlanwa  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 06 SEP 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <06-Sep-2001 by rowellE0>; APPROVED <06-Nov-2001 by garlanwa>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** POSSIBLE PURCHASE OF ENRICHED URANIUM BY SWISS  
**TAGS:** TECH, SZ  
**To:** EC BRUSSELS  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005